

EEHVS Project Task Force



Discussion and Recommendations Regarding Unit Counts, Product Mixes & Amenity Considerations



February 25, 2006



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Why is this Project so Important?

- EDP LOS requirements have been violated at several intersections by past and existing development, and is LOS E & F in several locations.
- There are 301 additional allocations on EDP lands yet to be developed, above the 217 on the Arcadia property.
- There is a shortage of affordable housing in District 8.
- Needed HW-101 improvements are unlikely to be funded in the near future.
- Schools in EDP area are overcrowded, understaffed and under-funded.
- San Jose's jobs/housing imbalance is among the worse in Silicon Valley, and Evergreen is the bedroom community for San Jose.
- At 5675 units, this represents **\$3.2 Billion** in development – more than **6.5** times the 2006-07 San Jose Capital Improvement Program budget.



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Questions Still in Need of Answers

- What amenities does the community want? Need?
- How much will each amenity cost to deliver?
- How can we pay for these amenities? Which funding mechanism?
- How much would the developer contribution normally be for schools, parks, traffic impacts, etc - given this extent of development?
- Does the new State budget have funds for Hwy101 improvements?
- How many units of each type & location do we have to build to completely fund amenities?
- How much can each unit/type/location contribute to the amenities \$\$ pool?
- Where do schools have to be built to accommodate 25 yrs growth?



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Proposed Task Force Considerations

- Develop the fewest units necessary to generate the estimated funds to provide all desired amenities, incl parks, trails, school sites, etc... (~ \$240M).
- Provide at least 18% affordable units based on overall project unit count... allocation may not be proportional for each site.
- Provide school sites for Elementary, Middle and High Schools to accommodate proposed and future growth for the next 25 years.
- Retain current EDP LOS policy of 'D' or better in new EDP.
- Retain Industrial lands on either Legacy/Berg/IDS or Arcadia sites.
- Provide Mixed-Use commercial development on sites, and of types that have the least impact on existing businesses.



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Additional Task Force Recommendations

- Have EEHVS TF request VTA to revise plans so that HOV lanes along Capitol Expressway are NOT removed for the Light Rail project.
- Request Staff to provide and/or acquire all information necessary to calculate amenities contribution based on unit count, type & location.
- Resist implementing a CFD which would impose additional taxes on new homeowners, provide developer funded bonding.

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Developer/Landowner Project since August 2004

	Arcadia	Industrial	Pleasant Hills	EVCC	Total
Large Lot Conventional	0	650	250	0	900
Small Lot Conventional	0	500	225	0	725
Small Lot	0	425	200	0	625
Town Home	200	375	150	0	725
Multi-Family	1300	0	0	0	1300
Affordable/Multi-Family	375	0	0	500	875
Total	1875	1950	825	500	5150
				Other Units	525
				Total Units	5675

Represents a selling price of \$333 sqft and 9% contribution rate = \$243M
At 5675 units, this represents \$3.2 Billion in development – ~ 6.5 x SJ CIP

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EVP Task Force Proposal since February 2005

	Arcadia	Industrial	Pleasant Hills	EVCC	Total
Large Lot Conventional	0	450	250	0	700
Small Lot Conventional	0	250	125	0	375
Small Lot	0	200	125	0	325
Town Home	650	150	100	0	900
Multi-Family	850	0	0	0	850
Affordable/Multi-Family	350	0	0	300	650
Total	1850	1050	600	300	3800
				Other Units	400
				Total Units	4200

Represents a selling price of \$367 sqft and 12% contribution rate = \$248M
At 4200 units, this represents \$2.3 Billion in development - ~ 4.5 x SJ CIP

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How the Task Force Recommendation Was Developed

- Considered Task Force priorities regarding traffic and schools.
- Used actual spreadsheet and formulas provided by developer group in September 2004.
- Modified developer assumptions of unit selling price, amenities contributions and development costs using updated information.
- Varied unit counts and housing type mixes to ensure desired total unit limit and amenities contribution was consistent with existing Task Force constraints.
- Calculated total developer contributions to see that complete amenities list can be satisfied.
- Calculated developer investment returns.



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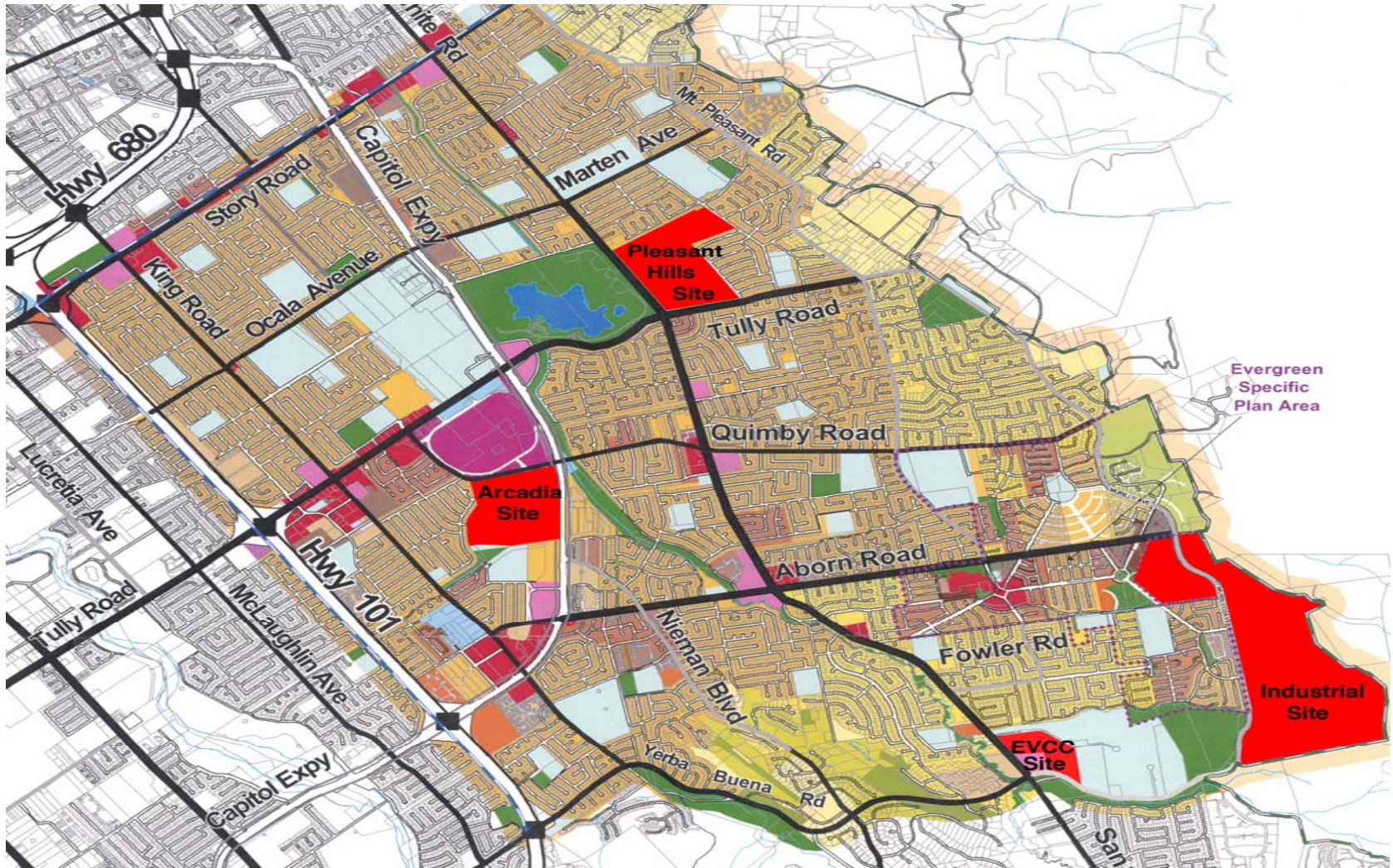
What is the Developer Impact?

- Base unit selling price increase ~10% above developer's assumptions, which is consistent with actual recorded sale prices of comparable housing units for late 2004 - early 2005.
- This would raise per unit amenities contributions while increasing comparable building costs assumptions.
- Thus should ***RAISE*** profit per unit (ROI) from about 10% per unit to about 12% per unit, depending on unit type, and based on developer's formulas.
- Reducing total unit count from 5675 to 4200 should only reduce overall developer profit from \$280M to about \$250M

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Four Development Opportunity Sites



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